

550.0000 LANDS OWNED BY LOCAL GOVERNMENTS THAT ARE OUTSIDE THEIR BOUNDARIES

See Supplemental Assessment

550.0001 Acquisitions by Public Retirement Systems. A public retirement system is usually an agency of the government whose employees contribute earnings to the system's fund. Real property acquired by such a system which is outside the local government's boundaries is assessed pursuant to article XIII, section 11 of the California Constitution. LTA 1/6/83 (No. 83/3).

550.0005 Improvements, All Counties. New improvements built on land after acquisition by a municipal government will continue to be exempt. However, improvements which were taxable when acquired will be valued at their full cash value as defined by article XIII A of the California Constitution and expanded upon by Property Tax Rule 461. An exception to this category is an improvement which, after March 1, 1954, replaces a previously taxable improvement. Such replacement improvements shall have as an upper limit of value the highest value ever used for taxation of the improvements which were replaced. LTA 6/23/2000 (No. 2000/037).

550.0010 Leased For Agricultural Purposes. Land leased by a city to a person who uses it to grow turf grass does not result in the creation of a taxable possessory interest in the land because the growing of turf grass qualifies as an agricultural activity excluded from taxation by the provisions of section 11(f) of article XIII of the California Constitution. Exemption is proper even though turf grass does not qualify for the growing crop exemption as an exempt growing crop. C 3/21/83.

550.0015 Marina Possessory Interest. The possessory interest of a private owner of a marina located on land owned by a local government that is outside the local government's boundaries and taxable to it under section 11 of article XIII of the California Constitution is taxable to the owner. However, under the provisions of section 11(f) thereof, the value attributable to the possessory interest in the land must exclude the value assessed to the local government. If the value of the highest and best use is the same as or less than the value that the local government is paying taxes on, there can be no value assessed to the owner. C 3/1/78.

550.0020 Possessory Interests Limits. Section 11(f) of article XIII of the California Constitution is a restatement of former article XIII, section 1.68. The object of this section is to insure that a privately owned leasehold in taxable public lands does not escape taxation by means of the arbitrary ceiling on the assessment of the fee to a public entity.

When the full assessed value of the fee exceeds the maximum assessment permissible under section 11, the excess value constitutes an exemption accruing to the owning local government. Thus, if a leasehold interest in such lands is owned by a private lessee, a separate assessment of the possessory interest should be made at the lower of (1) the full assessable value of the possessory interest or (2) an amount representing the difference between the full assessable value of the fee and the amount of the actual assessment against the local government. C 4/27/79; C 1/9/97.

550.0021 Properties of City. A city's interest in property located outside its boundaries is taxable in the manner prescribed by section 11 of article XIII of the California Constitution if the property was taxable when acquired by the city. The use of the property and the fact that it is held jointly with another tax-exempt governmental entity are irrelevant for purposes of section 11 assessment. C 11/25/97.

PROPERTY TAX ANNOTATIONS

[550.0022](#) **Properties of Redevelopment Agency.** Property owned by a city redevelopment agency is exempt from property taxation if the property is located within the city's limits but outside the boundaries of any project areas of the redevelopment agency. OAG 11/21/91 (No. 91/713, Vol. 74, p. 207).

[550.0023](#) **Supplemental Assessments.** Properties purchased by local governmental entities and taxable because located outside their boundaries are not subject to supplemental assessments. C 11/22/96.

[550.0026](#) **Valuation.** If the 1967 fair market value and the 1975 base year value are not available from earlier rolls, it is permissible to reconstruct those values in the process of performing current valuation so long as those values are derived from comparable assessments that were made at that time. C 11/22/96.

[550.0030](#) **Welfare Exemption.** A property is acquired by a health care district from a private hospital corporation. The property is located outside the boundaries of the health care district and at the time of purchase had been receiving the welfare exemption. Since the property was not taxable when it was acquired, the provisions of section 11 of article XIII of the California Constitution are inapplicable. C 5/12/99.